

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6189**

**BILL NUMBER:** SB 147

**NOTE PREPARED:** Feb 12, 2007

**BILL AMENDED:** Feb 1, 2007

**SUBJECT:** Courts and Court Officers.

**FIRST AUTHOR:** Sen. Bray

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** ☒ **GENERAL**  
☐ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

| STATE IMPACT            | FY 2007 | FY 2008   | FY 2009     |
|-------------------------|---------|-----------|-------------|
| State Revenues          |         |           |             |
| State Expenditures      |         | 245,536   | 1,625,177   |
| Net Increase (Decrease) |         | (245,536) | (1,625,177) |

**Summary of Legislation:** (Amended) This bill has the following provisions:

- A. It establishes the Sixth District of the Court of Appeals of Indiana as of January 1, 2009. It provides that the entire state constitutes the Sixth District.
  - B. It adds a second judge to the Floyd Superior Court beginning January 1, 2009.
  - C. It allows the judge of the Franklin Circuit Court to appoint one full-time magistrate.
  - D. It allows the judges of the Hamilton Superior Court to jointly appoint a second full-time magistrate.
  - E. It adds a second judge to the Jackson Superior Court beginning January 1, 2009.
- (The introduced version of this bill was prepared by the Commission on Courts.)

**Effective Date:** (Amended) July 1, 2007; January 1, 2009.

**Explanation of State Expenditures:** (Revised) The estimated costs for the new courts and magistrates in Marion County are shown in the following table. The three magistrates would begin operating July 1, 2007, while the two courts in Jackson and Floyd Counties would begin operating January 1, 2009.

| <b>Proposed New Courts and Magistrates</b> |                         |                              |                       |                       |                       |
|--|-------------------------|------------------------------|-----------------------|-----------------------|-----------------------|
| <b><u>Court</u></b>                        | <b><u>Personnel</u></b> | <b><u>Effective Date</u></b> | <b><u>FY 2008</u></b> | <b><u>FY 2009</u></b> | <b><u>FY 2010</u></b> |
| Sixth District Court of Appeals            | Judges                  | January 1, 2009              | \$3,750               | \$1,216,866           | \$1,890,747           |
| Floyd                                      | Court                   | July 1, 2007                 |                       | \$78,068              | \$159,789             |
| Franklin                                   | Magistrate              | July 1, 2007                 | \$120,893             | \$126,087             | \$128,990             |
| Hamilton                                   | Magistrate              | July 1, 2007                 | \$120,893             | \$126,087             | \$128,990             |
| Jackson                                    | Court                   | January 1, 2009              |                       | \$78,068              | \$159,789             |
| Totals                                     |                         |                              | <u>\$245,536</u>      | <u>\$1,625,177</u>    | <u>\$2,468,305</u>    |

*Sixth District Court of Appeals* -- This new three-judge panel would begin operating in January 1, 2009.

Prior to the Sixth District beginning operation, the Judicial Nominating Commission would be required to nominate three candidates for each of these judgeships prior to July 1, 2008. It is assumed that there would be one meeting to identify the candidates for each judgeship. Consequently there would be three meetings conducted in FY 2008 at a minimum.

The Department of Administration also would be required to arrange for facilities for the Court of Appeals.

The total new staff would include

- three judges.
- three secretaries.
- three chief judicial law clerks.
- six judicial law clerks.

The salaries of trial court judges and court of appeals judges are adjusted annually by state law. (See background below concerning salary adjustments and medical benefits.)

In addition, added administrative support would be needed to support all six courts of appeals and support staff, which would exceed 100 employees. These added support staff would include:

- a staff attorney.
- administrative assistant for staff attorney.
- computer technician.
- a personnel and financial officer.

Estimates include one-time costs for furniture and automation. Ongoing costs include salaries and benefits and rent.

The following estimates are made for the 6<sup>th</sup> District.

| <b>Estimated Costs of Sixth District Court of Appeals</b>                            |                       |                           |                           |                           |
|--|-----------------------|---------------------------|---------------------------|---------------------------|
|  | <b>FY<br/>2008</b>    | <b>FY<br/>2009</b>        | <b>FY<br/>2010</b>        | <b>FY<br/>2011</b>        |
| Salaries (\$134,968 in 2007 assumed to increase 2.5% annually)                       |                       | \$69,171                  | \$141,801                 | \$145,346                 |
| Annual Subsistence Allowance   |                       | \$1,500                   | \$3,000                   | \$3,000                   |
| Fringe Benefits (10.29% of Salaries)   |                       | \$7,118                   | \$14,591                  | \$14,956                  |
| Judges Retirement Fund Contribution  |                       | \$10,123                  | \$20,651                  | \$21,064                  |
| Added Costs for Indiana Judicial Center  |                       | \$1,000                   | \$1,000                   | \$1,000                   |
| Travel & Education Expenses per Judge (\$10,000 per year)                            |                       | \$5,000                   | \$10,000                  | \$10,000                  |
| Health, Vision, and Dental Insurance (\$8,784 Blended Rate)                          |                       | \$4,392                   | \$8,784                   | \$8,784                   |
| <b>Cost for Judges (X 3)</b>   |                       | <b>\$294,911</b>          | <b>\$599,481</b>          | <b>\$612,449</b>          |
| Staff (1 Senior Judicial Law Clerk, 2 Clerks, 1 Secretary)                           |                       | \$106,611                 | \$217,485                 | \$221,835                 |
| Fringe Benefits (19.79% of Salary)   |                       | \$21,098                  | \$43,040                  | \$43,901                  |
| Health, Vision, & Dental Insurance (\$8,784 Blended Rate)                            |                       | \$13,176                  | \$26,352                  | \$26,352                  |
| <b>Cost for Core Support Staff for Judges</b>  |                       | <b>\$422,654</b>          | <b>\$860,633</b>          | <b>\$876,265</b>          |
| Staff (Staff Attorney, Admin Assistant, Computer Tech)                               |                       | \$118,787                 | \$242,324                 | \$247,171                 |
| Fringe Benefits (19.79% of Salary)   |                       | \$23,508                  | \$47,956                  | \$48,915                  |
| Health, Vision, Dental Insurance (\$8,784 Blended Rate)                              |                       | \$13,176                  | \$26,352                  | \$26,352                  |
| <b>Additional Administrative Staff</b> (for entire court of appeals)                 |                       | <b>\$155,470</b>          | <b>\$316,632</b>          | <b>\$322,438</b>          |
| Commission on Judicial Qualifications (4 Meetings in FY 2009 at \$1,250 per Meeting) | <b>\$3,750</b>        |                           |                           |                           |
| Start-up for Automation (Hardware & Software for all new staff)                      |                       | <b>\$37,830</b>           |                           |                           |
| Furniture (\$60,000 per Judge, \$2,000 for other staff)                              |                       | <b>\$192,000</b>          |                           |                           |
| Rent (2000 Sq. Ft. @ \$19/sq. ft) for each Judge                                     |                       | <b>\$114,000</b>          | <b>\$114,000</b>          | <b>\$114,000</b>          |
| <b>Total Cost</b>  | <b><u>\$3,750</u></b> | <b><u>\$1,216,866</u></b> | <b><u>\$1,890,747</u></b> | <b><u>\$1,925,152</u></b> |

*Background Information on New Court Costs* -- Under IC 33-38-5-8.1, salaries of judicial officers are adjusted each year by the amount that executive staff in the same salary bracket are paid. For this analysis, judicial officers are assumed to receive a 2.5% annual salary increase.

State expenditures associated with this bill will also depend on the costs of fringe benefits for state employees. While most of the benefits are based on a percentage of the salaries of the employee, the costs of medical insurance for these persons will depend on future decisions of the executive branch. The state could absorb an increasing amount of the new health insurance costs or require employees to assume a larger share of the health insurance costs.

The following costs are expected for each fiscal year based on the salaries specified in the statute and by a projected increase in salary for judicial officers. The following tables show the projected costs for these new judges and new magistrates.

| <b>Projected Salaries and Benefits Based on Statute for Judges by Fiscal Year</b> |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Benefits</b>   | <b>2007</b>      | <b>2008</b>      | <b>2009</b>      | <b>2010</b>      | <b>2011</b>      |
| Salary*   | \$115,282        | \$118,164        | \$121,118        | \$124,146        | \$127,250        |
| Life Insurance  | \$415            | \$425            | \$436            | \$447            | \$458            |
| Social Security   | \$8,819          | \$9,040          | \$9,266          | \$9,497          | \$9,735          |
| Judges Retirement Fund - Judge  | \$11,933         | \$12,231         | \$12,537         | \$12,851         | \$13,172         |
| Disability Insurance  | \$2,628          | \$2,694          | \$2,761          | \$2,831          | \$2,901          |
| Costs for Judicial Center   | \$1,000          | \$1,000          | \$1,000          | \$1,000          | \$1,000          |
| Deferred Comp State Match and Leave Conversion                                    | \$234            | \$234            | \$234            | \$234            | \$234            |
| Health, Dental, and Vision (blended rate)   | \$8,784          | \$8,784          | \$8,784          | \$8,784          | \$8,784          |
| <b>Total Cost Per Judicial Officer</b>  | <b>\$149,096</b> | <b>\$152,572</b> | <b>\$156,136</b> | <b>\$159,789</b> | <b>\$163,534</b> |

\* Assumes an annual salary increase of 2.5%.

| <b>Projected Salaries and Benefits Based on Statute for Magistrates by Fiscal Year</b> |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Benefits</b>  | <b>2007</b>      | <b>2008</b>      | <b>2009</b>      | <b>2010</b>      | <b>2011</b>      |
| Salary*  | \$92,226         | \$94,531         | \$96,894         | \$99,317         | \$101,800        |
| Life Insurance   | \$332            | \$340            | \$349            | \$358            | \$366            |
| Social Security  | \$7,055          | \$7,232          | \$7,412          | \$7,598          | \$7,788          |
| PERF - Magistrate  | \$8,761          | \$8,980          | \$9,205          | \$9,435          | \$9,671          |
| Disability Insurance   | \$2,103          | \$2,155          | \$2,209          | \$2,264          | \$2,321          |
| Costs for Judicial Center  | \$1,000          | \$1,000          | \$1,000          | \$1,000          | \$1,000          |
| Deferred Comp State Match and Leave Conversion   | \$234            | \$234            | \$234            | \$234            | \$234            |
| Health, Dental, and Vision (blended rate)  | \$8,784          | \$8,784          | \$8,784          | \$8,784          | \$8,784          |
| <b>Total Cost Per Magistrate</b>   | <b>\$120,495</b> | <b>\$123,257</b> | <b>\$126,087</b> | <b>\$128,990</b> | <b>\$131,964</b> |

\* Assumes an annual salary increase of 2.5%.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** These counties could incur additional costs for new court space, support staff, or office equipment. Removing the requirement that both superior courts in Jackson County need to be in Seymour would allow the county to possibly locate a court in another available county building in Jackson County.

### **Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Court of Appeals, Indiana Judicial Center; Division of State Court Administration; Department of Administration; Judicial Nominating Commission.

**Local Agencies Affected:** Floyd, Franklin, Hamilton, Jackson, and Floyd Counties.

**Information Sources:** Doug Todd of McCready & Keane, Inc., actuaries for the Judges' Retirement Fund; Office of State Court Administration; State Budget Agency.

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